

Ground Rents Income Fund plc

31 December 2013

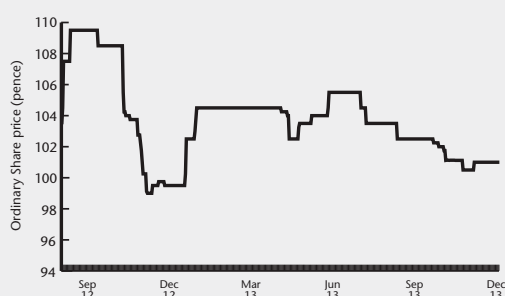
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Fund Facts

Launch date: 13/08/2012

Ordinary Share price: 101.0p

Market capitalisation: £89.0m



Ordinary Share:

ISIN: GB00B715WG26

SEDOL (CISX): B715WG2

SEDOL (SETSqx): B8K0LM4

Ticker: GRI0

Warrant:

ISIN: GB00B8N43P05

SEDOL (CISX): B8N43P0

SEDOL (SETSqx): B8K0RP9

Ticker: GRIW

Convertible Preference Share:

ISIN: GB00B8DWRG34

SEDOL (CISX): B8Y5RC7

SEDOL (SETSqx): B8DWRG3

Ticker: GRIP

Gearing: 0%

Annual management fee: 0.55% of market capitalisation

Performance fee: Nil

Dividend: Quarterly

Quarterly Ex-Dividend date: 26 February 2014

Investment Objective

Ground Rents Income Fund plc (GRIF) is a Real Estate Investment Trust (REIT), listed on the Channel Islands Securities Exchange (CISE) and traded on the SETSqx platform of the London Stock Exchange.

GRIF's investment strategy is focused on achieving stable, long-term performance by investing in long-dated UK ground rents, which have historically not suffered the same peaks and troughs as the economy and the property market.

GRIF's income derives from ground rents and associated income. The company seeks to generate consistent income returns for shareholders by investing in a diversified portfolio of ground rents, including freeholds and head leases of residential, retail and commercial properties located in the UK. The company joined the REIT regime in August 2012 and by 30 September 2013 had invested more than 50% of the total funds raised from both the ordinary share (GRI0) and preference share (GRIP) issues. Since 30 September 2013 the company has invested a further £7m in ground rents.

Market Commentary and Investment Update

The ground rents market has become increasingly competitive for investors, with a number of high net worth individuals and family offices entering the sector. This market activity, driven by the attractive characteristics of ground rents, has had the effect of increasing prices and, therefore, lowering yields over the last six to nine months, especially for large-scale, index-linked assets which come with additional income streams. This, in turn, is making it more difficult to acquire ground rents at prices which will enable the company to become fully invested by May 2014 at prices which will enable the company to achieve the targeted dividend yield.

The rise in bond and sovereign debt yields in the same time period, combined with the prospect of slowing inflation, as is occurring in Europe, may curtail further significant price increases for index-linked assets, in turn allowing the sector to stabilise after a period of divergence between ground rent and bond yields.

The resurgence of residential development is linked to a number of factors, particularly increased confidence in the UK economy and the Government's Help to Buy scheme.

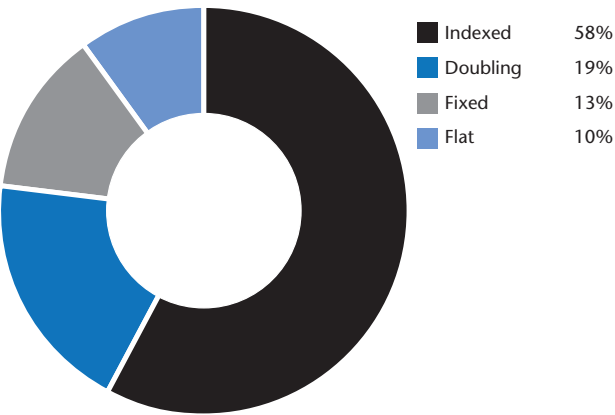
This increase will provide further opportunities to buy attractive ground rents, but not enough to change the undersupply dynamic. We, therefore, expect market conditions to remain broadly similar, with contractual increases in income driving the movement of capital values.

Price and performance information presented above is for Ordinary Shares.

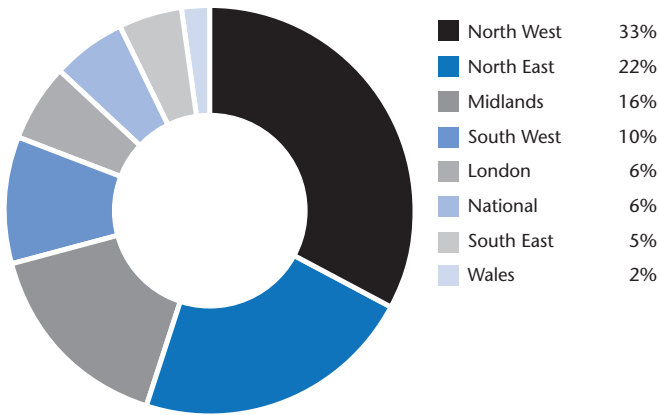
Data as at 31 December 2013

Ground Rents Income Fund plc (GRIF)

Portfolio Review type



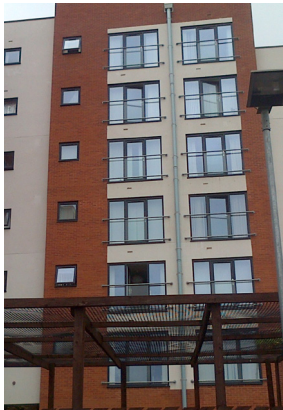
Geography



Top 5 Assets



One Park West
Liverpool



Ladywell Point
Manchester



The Gateway
Leeds



City Island
Leeds



PostBox
Birmingham

For more information about these assets please visit www.groundrentsincomefund.com

Contact Details

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Risk Warning

Investors should be aware that the price of units in this company, and the income generated, can go down as well as up and that neither is guaranteed. Past performance is not a guide to the future. Investors may not get back the amount invested. Changes in asset value may have an adverse affect on the price or income of an investment. Investors should be aware of the additional risks associated with investment in the UK ground rents market.

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GRIF is incorporated in England and Wales Company No. 8041022. Registered Office: 111 Park Street, London W1K 7JL.